

Resource guide

The US Office of Consumer Affairs (OCA) has updated its *Partial Listing of Federal Funding Resources*. The guide includes sections on Federal funding for public participation in rulemaking proceedings and for consumer projects (such as Community Services Administration's Emergency Energy Conservation Program). For single copies call or write Juanita Yates, US Office of Consumer Affairs, 621 Reporters Bldg., Washington, DC 20201; telephone 202-755-8893.

Toy missiles

After reported instances of accidental swallowing of plastic toy missiles, including the death of a 4-year-old child, Mattel, Inc., in cooperation with the Consumer Product Safety Commission, is asking consumers to return to Mattel the missiles from its "Battlestar Galactica" space toys.

Mattel said about 2,000,000 of the toys have been sold, and although the missiles—from space toy models 2531-34—meet all existing proposed safety standards, they can be launched from the body of the toys, and there have been reports of children launching the toys into their mouths.

Mattel said it has redesigned the toys so that the missiles cannot be launched. Inventories of the old design are currently being exchanged for the redesigned toys. If your child has any of these toys, here's what to do: Mail the missiles to Mattel Mail-In, P.O. Box 813, Hawthorne, CA 90250 along with your name and address. In return you will receive a free "Hot Wheels" car.

The program will officially end March 1, but Mattel said it will accept missiles after that date. For further information call Mattel toll-free 800-421-2826; in California call collect 213-644-2752.

Consumer forums on product liability laws

Commerce Dept. would like to receive comments on a draft model law developed to encourage uniform product liability laws at the state level. Commerce says that product liability insurance costs have been a major problem for some businesses and have affected the price of high-risk products such as machine tools, pharmaceuticals, car parts and sporting goods. A Federal task force found that uniformity in product liability laws will help stabilize the cost of product liability insurance.

According to Commerce, "The law attempts to balance the interests
(Continued on page 2)

consumer news

UNITED STATES OFFICE OF CONSUMER AFFAIRS

Esther Peterson, Director



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Consumer leaders present priorities for 1979

At a press conference held to kick off Consumer Federation of America's "Consumer Assembly '79," Presidential Assistants Stuart Eizenstat and Esther Peterson joined Congressional leaders in presenting Administration and Congressional consumer priorities for the coming year.

Noting that many pro-consumer initiatives were outlined in President Carter's recent State of the Union message, Peterson stated that inflation is the number one concern of our citizens and "we have a responsibility to measure our priorities against the inflation yardstick." The US Office of Consumer Affairs (OCA) will be working with Alfred Kahn's anti-inflation task force and will support legislation that will help ease the burden of inflation on consumers. This includes:

- Hospital cost containment
- No-fault automobile insurance
- Deregulation of surface transportation
- Full one year warranties on all new cars
- Telecommunications reform.

In addition to these anti-inflation initiatives, OCA will work for legislation to improve the regulatory process, to insure opportunities for consumer redress, and for effective enforcement of the antitrust laws.

Peterson added, "While our efforts to reform outdated regulatory programs are a priority, regulatory procedures also need to be streamlined and balanced. Of principal importance in this area is legislation to provide funding to citizen groups which would not otherwise have the resources to participate in agency proceedings. By providing a more balanced record, the public is assured of more balanced regulation."

In the areas of consumer redress and antitrust, OCA will focus on class action reform and legislation to overturn the Supreme Court's decision in the *Illinois Brick Case*. In that case the Court ruled that only direct purchasers may recover damages, even though they may have passed on the injury to consumers, who are prevented from suing. This decision undercuts state and private enforcement of the antitrust laws, reduces their deterrent effect, may contribute to higher prices, and often allows the violator to keep his gain at the expense of the injured consumer.

Congressmen James Scheuer and Fred Richmond, both of New York, also addressed the consumer organization. Scheuer, Chairman of the Consumer Protection and Finance Subcommittee, reviewed the Subcommittee's plans for the 96th Congress, including a proposal to extend warranties on all new cars. Richmond, Chairmen of the House Agriculture Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, said his Subcommittee plans a full-scale investigation of the food price system this year "to determine what actions—both immediate and long-range—should be taken." He said he was "deeply troubled by last year's 11% rise in food prices and the anticipated increase of 10% this year."

Forums (Continued from page 1)

of consumers and product sellers. It is written against a background of recent state legislative activity in the area of product liability, some of which appears to unreasonably restrict consumer rights."

Written comments should be sent—by March 22—to the address listed below under "details." In addition, consumer forums will be held to explain the model law and to get consumer reactions and recommendations to the code. The forums are open to the public and do not require formal testimony. However, it is recommended that attendees read the model law before the meetings. Copies of the *Federal Register* for Jan. 12, in which the model law appears, may be obtained by calling Commerce's Consumer Affairs Office at 202-377-5001.

Dates and locations of the consumer forums follow:

Feb. 22-10 a.m.-12 noon
Commerce Dept.—Room 6802
14th and Constitution Ave.,
NW
Washington, DC 20230
(Contact person: Meredith
Fernstrom; telephone
202-377-5001)

March 8-1:30 p.m.-3:30 p.m.
McNamara Federal Bldg.—
Room 1194
477 Michigan Ave.
Detroit, MI 48226
(Contact person: Esther K.
Shapiro; telephone 313-
224-3508)

March 20-10 a.m.-12 noon
Federal Bldg.—Room 10124
11000 Wilshire Blvd.
Los Angeles, CA 90024
(Contact person: Shirley
Goldinger; telephone 213-
974-9750)

March 22-2 p.m.-4 p.m.
First National Bank-7th
Floor
2 Peachtree St., NW
Atlanta, GA 30303
(Contact person: Tim Ryles;
telephone 404-656-3790)

Details—*Federal Register*: Jan. 12, page 2996. Send written comments to Task Force on Product Liability and Accident Compensation, Room 5027, Commerce Dept. Washington, DC 20230.

NOTE: According to Esther Peterson, Special Assistant to the President for Consumer Affairs, "The model law is a compromise between consumer advocates who want to maintain traditional legal principles and business and insurance advocates who are seeking major modifications in the rights of consumers. Consumers have a large stake in this issue, and this model law may play an important part in the debate over reform of the law in this area."

Utility rate case

An Administrative Law Judge for the **Federal Energy Regulatory Commission** (FERC) has ruled that it is all right for consumers to pay a return on electric generating facilities still under construction. If the ruling is not overturned, this means that the **Public Service Company of New Hampshire** (PSNH) may build new power plants now and include the costs of construction in the rate base used to set their wholesale power rates—sometimes years before customers derive any benefits from the new plants.

The **US Office of Consumer Affairs** (OCA), which intervened in the recent rate case involving PSNH, testified that a policy permitting electric companies to include such construction costs in their rate base would be highly inflationary and inequitable.

OCA is in the process of filing a brief with FERC objecting to the judge's "initial determination."

Consumer conference scheduled

Transportation Dept. is inviting community activists with a special interest in transportation to attend a consumer conference on May 7 and 8 in Washington, DC.

Main objective of the conference is to find ways to increase citizen participation in the Department's decisionmaking. On a long-range basis, Transportation hopes the conference will increase the contacts with grassroots citizens' groups that can provide continuing reactions and comments on consumer issues.

Transportation is particularly interested in reaching local citizens who have worked in their own communities on decisions involving mass transit planning, auto and traffic safety, highway planning, airport development, or other transportation issues. In addition to these community groups, the conference is expected to attract representatives of national consumer and citizens' groups, state and local consumer protection agencies and transportation agencies, and consumer representatives from business and industry.

The conference is planned as a forum where about 200 people from these varied groups can share information, compare viewpoints, and develop contacts with each other. Conferees will meet in informal workshops to learn about Transportation's rulemaking and policymaking procedures, as well as such consumer issues as auto repair problems, energy saving and inflation fighting in transportation, and deregulation in the transportation marketplace.

Speakers at the conference's general sessions will include Transportation Secretary Brock Adams, National Highway Traffic Safety Administrator Joan Claybrook, and Special Assistant to the President for Consumer Affairs Esther Peterson.

Transportation hopes to provide travel and per diem funds for a limited number of citizen representatives who have special expertise, meet certain criteria, and could not otherwise afford to attend.

Conference announcements will be mailed early in March. To place your name on the mailing list or to obtain specific information, write or call Conference, Office of Consumer Affairs, S-83, Transportation Dept., Washington, DC 20590; telephone 202-426-4520.

Plants ads

Magazines, comic books and the Sunday comic pages are popular vehicles for mail order advertisements heralding the discovery of super-growing plants. The ads promise a garden filled with "Giant Climbing Strawberries," "Cherries by the Thousands," and other extraordinary plants. Sound tempting, don't they?

One company, however—**American Consumer, Inc.**, of Philadelphia, PA—is allegedly misleading consumers with such advertisements, many of which, according to customer complaints, make false claims. (Just because "consumer" appears in a company's name does not mean the company can be trusted.)

American Consumer is owned by **Film Corporation of America** and advertises its variety of garden and other products in the US and Canada under 25 trade names, including **Eden Valley Nursery Sales** and **American Nursery Sales**.

Since the plants are relatively inexpensive, most consumers do not bother to complain to American Consumer or ask for a refund. But taken together, each dollar consumers lose adds up to a very profitable business for American Consumer.

The **Consumer Protection Office** at the **US Postal Service** (PS) sued American Consumer last year, charging misrepresentation in the ads' performance claims on several plants, including the "Super Growing Shade Tree" and "Giant Climbing Strawberries."

PS asked 2 horticultural experts to analyze the 6 plants involved in the suit. Both testified that the ad claims were misleading and false, and in consent agreements dated Dec. 15, 1978, American Consumer agreed to stop running the ads. It also agreed to make cash refunds to persons who had sent or will send money for the plants.

The agency's suit and eventual settlement was a step in the right direction, but its effect on American Consumer was minimal. One of the terms of the agreement was that American Consumer admitted no guilt in misrepresentation of its ads. It agreed to a settlement—only for the 6 plants involved in the suit—before a verdict could be reached.

Thus, American Consumer may continue to run more ads for essentially the same plants, only with different names, and the claims worded differently. (Recently, American Consumer ran an ad in Sunday newspapers across the country for "Giant Man-High Strawberries," son of "Giant Climbing Strawberries," one of the plants involved in the PS suit. The names and the claims were different but just as amazing and just as misleading.)

William Alvis, an attorney for the **US Postal Inspection Service**, said he wasn't surprised that American Consumer came back with new ads less than 2 months after the settlement. Alvis said he realized the PS suit did little damage to American Consumer but he said PS "can't get a single (court) order to cover the whole thing—it's not within our realm of authority."

A Federal agency which does have the authority to get a court order making it illegal for American Consumer to run misleading or fraudulent ads for any product is the **Federal Trade Commission** (FTC).

Larry Kahn, a spokesperson for the FTC, said the agency is in the process of taking action against American Consumer and that a settlement would be reached in the near future. CONSUMER NEWS will try to keep you informed of future developments but urges you to be wary of sending away for any amazing offer. If it looks too good to be true, it probably is.

Feb. 15, 1979

S-p-r-e-a-d-i-n-g the word

"Metricaction '79—Implementation Impact" is the theme of American National Metric Council's 5th Annual Conference which will be held from April 2-4 at the Hyatt Regency Hotel in Washington, DC. Participants include Louis Polk, Chairman of the **US Metric Board**, and other Metric Board members. Special sessions will be held on consumer and general education issues, metric standards European Economic Community requirements, and the impact of metrication on the US economy. To register, or for more information, write or call Dene Joyce, American National Metric Council, 1625 Massachusetts Ave., NW, Washington, DC 20036; telephone 202-232-4545.

Recalls

• **SPINACH—Food and Drug Administration** (FDA) announces the voluntary recall by **Sun World, Inc.**, Coachella, CA of 1,877 cartons of "Sun World" spinach, packed in cartons containing 24 bunches. Distribution was nationwide. Reason for recall: Product contaminated with the pesticide "Monitor."

• **TANNING LOTION—Food and Drug Administration** (FDA) announces the voluntary recall of 2 types of tanning products with the following identification numbers: (1) Tropical Blend Dark Tanning Lotion, in 8 fluid oz. containers and ½ fluid oz. containers: All 3 digit lot numbers and all 5 digit lot numbers prior to but not including 7P392; (2) Tropical Blend Dark Tanning Oil in 8 fluid oz. containers: All 3 digit lot numbers and all 5 digit lot numbers prior to but not including 7P387. The products, manufactured by **Plough, Inc.**, Memphis, TN, are being recalled because they contain 6-methylcoumarin which is a potent photocontact allergen that can cause severe skin reactions in some allergic people. Distribution was nationwide and in Guam, Bermuda, Caracao and the Bahamas.

• **FLY CONTROL DEVICE—Pestolite, Inc.**, Lancaster, PA, in cooperation with **Consumer Product Safety Commission** (CPSC) has announced a voluntary recall of 1,005 Commercial Fly Control Devices, model SK-4, because of a possible fire hazard. The products, which were made from March 1976 through August 1976 and sold nationwide, are used to keep flying insects under control in or around houses, restaurants, recreational areas, and other places. Only the devices carrying "Pestolite" (without a warning label) on the black upper housing of the units are being recalled.

WHAT TO DO: Call a Pestolite Toll-Free Hotline at 800-233-0425; Pennsylvania residents only call 717-392-4123.

Page 3

Net weight labeling

Because of the many questions raised over Food Safety and Quality Service's (FSQS) 1977 proposal to require accurate net weight labeling of meat and poultry, Agriculture Dept. has asked its **Economics Statistics and Cooperative Service (ESCS)** to study the proposal further.

The study, which should be completed by early summer, will respond to comments from consumers and industry as well as to a recent **Consumer Federation of America** study and a report to Congress by the **General Accounting Office (GAO)**. GAO said the proposal was based on insufficient data and recommended that FSQS "expand and extend its search for information concerning the best way to monitor net weight labeling activities for meat and poultry products."

When the ESCS evaluation is completed, it will be available for public comment.

The controversial proposed regulations would have required meat and poultry package labels to state net package weight at the time the products are sold to consumers rather than at the time they leave processing plants, as is the case now. FSQS proposed the changes because certain meats and poultry lose moisture during transportation and storage, thus weighing less than indicated package weight at the time of sale.

(See **CONSUMER NEWS**: Dec. 15, 1977 for details of original proposal.)

Credit protection laws

The **Federal Reserve Board's Consumer Handbook to Credit Protection Laws** explains how major credit protection laws can help you to shop for and apply for credit, how to maintain your credit standing—and how to complain if you feel you have been dealt with unfairly. Included in the booklet are descriptions of the laws which protect women, minorities and the elderly against credit discrimination.

The handbook also explains what specific laws have been passed since the Consumer Credit Protection Act of 1968 was signed, including the Truth in Lending and Truth in Leasing laws. Short explanations of (1) what a finance charge is; (2) how to determine the annual percentage rate of the cost of your credit; and (3) the various costs of open end credit are just a few of the many subjects discussed in this publication.

Other useful sections discuss the criteria creditors may and may not use in determining whether you are creditworthy. (For example, even though discrimination solely on the basis of age is illegal, age can, in some cases, be considered before credit is extended.) Another section tells how to develop a good credit history in anticipation of getting credit in the future (opening checking and savings accounts are 2 suggestions).

Included at the end of the manual is a glossary of common credit terms, many of which may not sound common at all—balloon payments, judgmental system, rescission, and credit scoring system, to name a few.

For free copies of the *Consumer Handbook to Credit Protection Laws* write to Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

In addition to the handbook described above, the Board offers a series of other consumer education publications which are available without charge by writing to the address listed above. They are:

- *What Truth In Lending Means to You*
- *If You Borrow To Buy Stock*
- *How To File a Consumer Credit Complaint*
- *Fair Credit Billing*
- *If You Use a Credit Card*

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